

<b>Rail Car Co., Inc.</b> 14 East Kemp PO Box 304 Watertown, SD 57201	<b>Farmers and Merchants Bank</b> 321 1st Ave E., PO Box 209 Sisseton, SD 57262	Loan Number <u>✓</u> Date <u>June 20, 1994</u> Maturity Date <u>July 1, 2004</u> Loan Amount \$ <u>140,000.00</u> Renewal Of _____
<b>BORROWER'S NAME AND ADDRESS</b> "I" includes each borrower above, joint and severally.	<b>LENDER'S NAME AND ADDRESS</b> "You" means the lender, its successors and assigns.	

For value received, I promise to pay to you, or your order, at your address listed above the **PRINCIPAL** sum of one hundred forty thousand dollars and no/100----- Dollars \$ 140,000.00

☒ **Single Advance:** I will receive all of this principal sum on June 20, 1994. No additional advances are contemplated under this note.

☐ **Multiple Advance:** The principal sum shown above is the maximum amount of principal I can borrow under this note. On \_\_\_\_\_ I will receive the amount of \$ \_\_\_\_\_ and future principal advances are contemplated.

**Conditions:** The conditions for future advances are \_\_\_\_\_

☐ **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on \_\_\_\_\_.

☐ **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

**INTEREST:** I agree to pay interest on the outstanding principal balance from June 20, 1994 at the rate of 9.000 % per year until First Change Date.

☒ **Variable Rate:** This rate may then change as stated below.

☐ **Index Rate:** The future rate will be \_\_\_\_\_ the following index rate: \_\_\_\_\_

☒ **No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your contract.

☒ **Frequency and Timing:** The rate on this note may change as often as daily. A change in the interest rate will take effect on the same day.

☐ **Limitations:** During the term of this loan, the applicable annual interest rate will not be more than \_\_\_\_\_ %.

**Effect of Variable Rate:** A change in the interest rate will have the following effect on the payments:

☒ The amount of each scheduled payment will change. ☐ The amount of the final payment will change.

**ACCURAL METHOD:** Interest will be calculated on a ACTUAL/365 basis.

**POST MATURITY RATE:** I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

☐ on the same fixed or variable rate basis in effect before maturity (as indicated above).

☐ at a rate equal to \_\_\_\_\_

☒ **LATE CHARGE:** If a payment is made more than 10 days after it is due, I agree to pay a late charge of a minimum of \$5.00.

☐ **ADDITIONAL CHARGES:** In addition to interest, I agree to pay the following charges which ☐ are ☐ are not included in the principal amount above:

**PAYMENTS:** I agree to pay this note as follows:

☐ **Interest:** I agree to pay accrued interest \_\_\_\_\_

☐ **Principal:** I agree to pay the principal \_\_\_\_\_

☒ **Installments:** I agree to pay this note in 120 payments. The first payment will be in the amount of \$ 1,779.04 and will be due August 1, 1994. A payment of \$ 1,779.04 will be due 1st of each month thereafter. The final payment of the entire unpaid balance of principal and interest will be due July 1, 2004.

**ADDITIONAL TERMS:**

I agree this note is secured with security agreements dated 6/20/94 and 12/28/92, personal guarantees dated 6/20/94 and 12/21/92.

I, the undersigned officer, hereby certify that this document is a true and valid copy of the original contract.

Dated 6-20-94 Kim B. Leggett My commission expires: 5-12-2001  
 Notary Public

**PURPOSE:** The purpose of this loan is refinance all rail cars and business operating expenses.

**SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2).** I have received a copy on today's date.

Signature for Lender

Farmers and Merchants Bank and Trust Co.

Kevin Wegehaupt, Vice President and Manager

**Rail Car Co., Inc.**

By: [Signature]

By: \_\_\_\_\_